

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**HB 368 – SB 379**

February 28, 2017

**SUMMARY OF ORIGINAL BILL:** Requires local education agencies (LEAs) to pay the same daily rate to retired teachers who are employed as substitute teachers without regard to whether the retired teacher has an active teaching license. Only teachers who retired after June 30, 2011, and who are employed as substitute teachers, shall be eligible for an increase in compensation

**FISCAL IMPACT OF ORIGINAL BILL:**

Increase Local Expenditures – Exceeds \$6,500\*

**SUMMARY OF AMENDMENT (004291):** Deletes and replaces language of the bill such that the only substantive change is to limit the eligible retired teachers to those that retired between July 1, 2011, and July 1, 2016.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- No change in Basic Education Program (BEP) funding formula.
- No change to benefits paid from the Tennessee Consolidated Retirement System.
- Based on information from the Department of Education's Tennessee State Report Card for FY15-16, there are currently 64,939 licensed public school teachers in Tennessee. This number is assumed to remain constant in subsequent years.
- The total number of retired teachers who will meet the criteria of the bill as amended that will be eligible to receive a higher rate of compensation is unknown; however, for the purpose of this fiscal memorandum it is assumed that the minimum annual number of substitute teachers impacted by the legislation is equivalent to 0.10 percent of all currently licensed teachers. Any change in the number of applicable teachers as a result of the amended language pursuant to amendment 004291 is considered not significant, and the minimum 0.10 percent estimate is still a reasonable approximation for estimating

the cost of the bill as amended. Therefore, at least 65 teachers (64,939 x 0.1%) each year will receive additional compensation as a result of this bill as amended.

- Based on information gathered from a sample of rural, suburban, and urban school districts, the average difference in daily pay for a substitute teacher with a teaching license and a substitute teacher who does not have a valid teaching license is reasonably estimated to be at least \$10 per day.
- The average number of days that impacted substitute teachers will work in any given year is estimated to be ten.
- The mandatory recurring increase in local expenditures is estimated to exceed \$6,500 (65 minimum teachers x \$10 minimum pay differential x 10 days per year).

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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